

Profiles and Trends in Tennessee Higher Education



Overview

- The increased demand for education will place great stress on higher education in the 2000's.
- A limited number of Tennessee students successfully transition across education levels.
- Funding for higher education has not been able to keep pace with regional peers.
- Increases in tuition and fees have shifted the funding responsibility to students.
- Education and the economy are increasingly intertwined as human capital has become a centerpiece of the economy.



Educational Attainment and Participation



Educational Attainment among SREB States

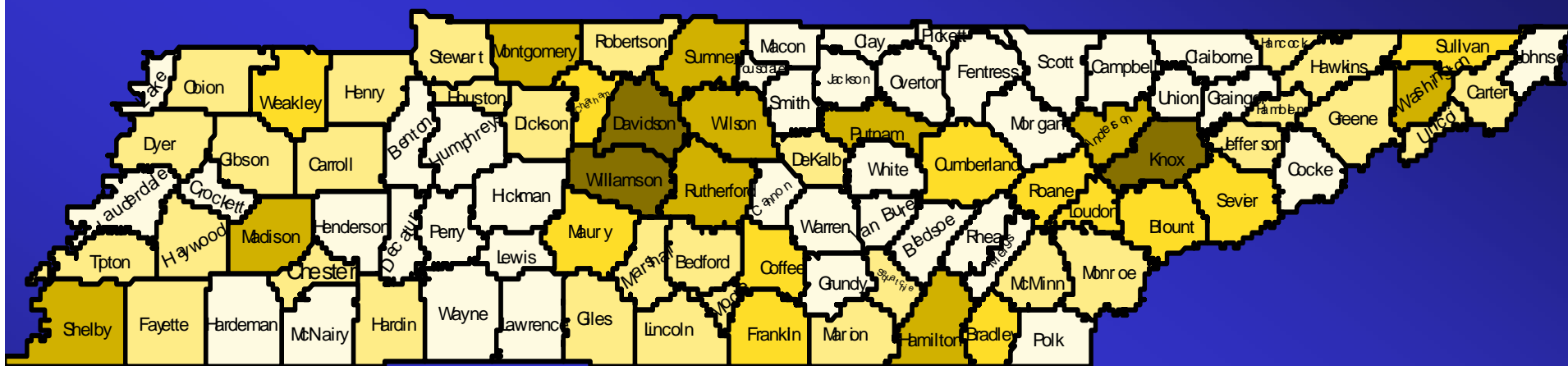
Percentage of Population 25 or Older with a Bachelor's Degree (2000 Full Census)					
	1990	1995	1999	2000	% Change
United States	20.3%	23.0%	25.2%	24.4%	4.1%
SREB States	18.6%	19.9%	21.7%	22.4%	3.8%
Alabama	15.7%	17.3%	21.8%	19.0%	3.3%
Arkansas	13.3%	14.2%	17.3%	16.7%	3.4%
Delaware	21.4%	22.9%	24.0%	25.0%	3.6%
Florida	18.3%	22.1%	21.6%	22.3%	4.0%
Georgia	19.6%	22.7%	21.5%	24.3%	4.7%
Kentucky	13.6%	19.3%	19.8%	17.1%	3.5%
Louisiana	16.1%	20.1%	20.7%	18.7%	2.6%
Maryland	26.5%	26.4%	34.7%	31.4%	4.9%
Mississippi	14.7%	17.6%	19.2%	16.9%	2.2%
North Carolina	17.4%	20.6%	23.9%	22.5%	5.1%
Oklahoma	17.8%	19.1%	23.7%	20.3%	2.5%
South Carolina	16.6%	18.2%	20.9%	20.4%	3.8%
Tennessee	16.0%	17.8%	17.7%	19.6%	3.6%
Texas	20.3%	22.0%	24.4%	23.2%	2.9%
Virginia	24.5%	26.0%	31.6%	29.5%	5.0%
West Virginia	12.3%	12.7%	17.9%	14.8%	2.5%

TN ranked 10th in the SREB in 2000, an increase of one position over 1990.

To reach the average attainment level of our border states, we need to create 181,530 additional college graduates



Percent of Population with a Bachelor's Degree - 2000



Average for Tennessee in 2000: 19.6%

Average for U.S. in 2000: 24.4%

In 75 of Tennessee's 95 counties, 15% or less of the overall population aged 25 and older hold a college degree.

In 41 counties, 10% or less hold a college degree.



A map of Tennessee counties, each labeled with its name. The counties are colored based on the number of years since they were established. The colors range from dark brown (oldest) to light yellow (newest). The map shows a clear trend where older counties are concentrated in the western and central parts of the state, while newer counties are more prevalent in the eastern and southern regions.

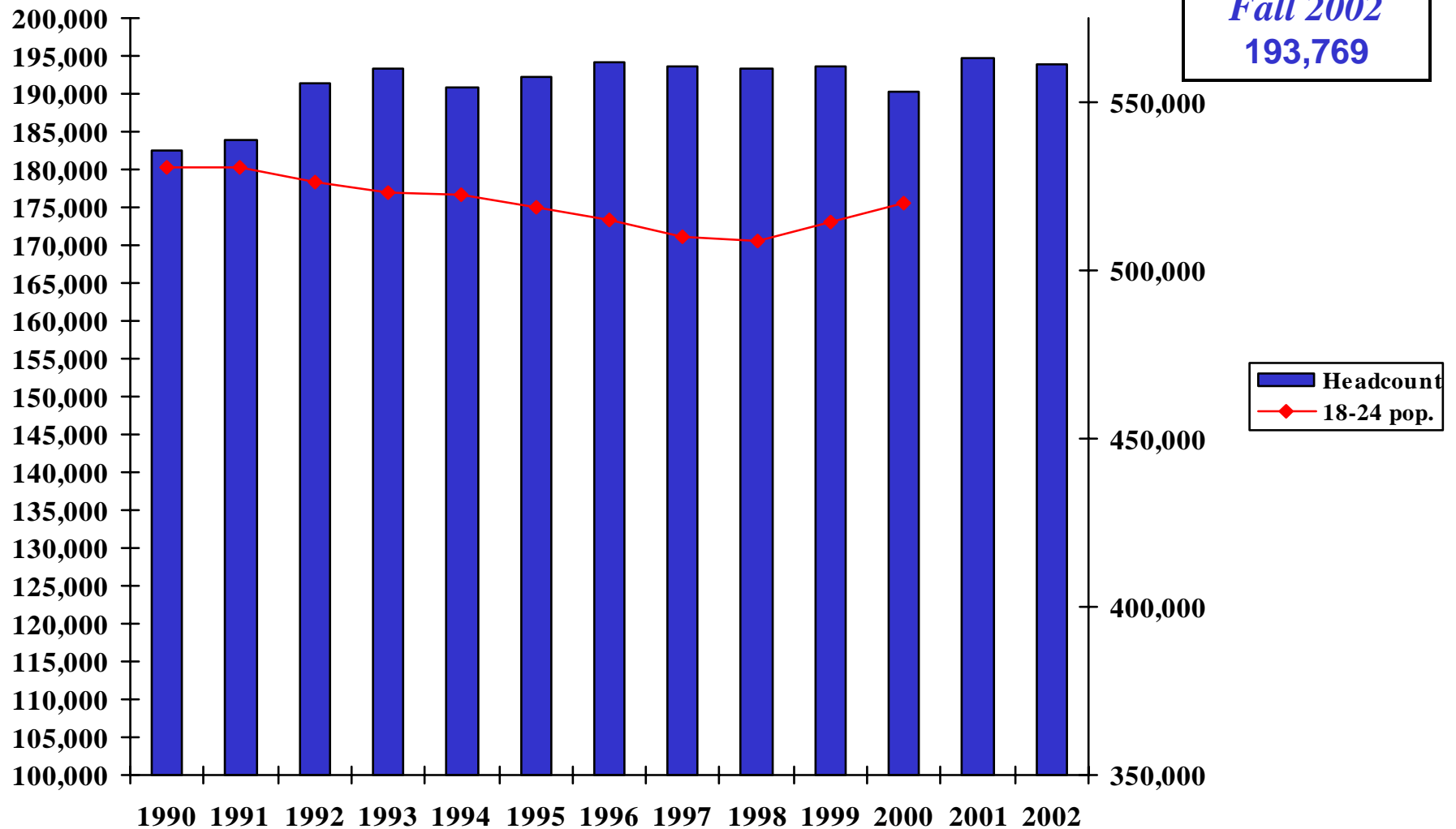
National Average: **80.4%**

Only 8 counties in Tennessee are above the national average.



Enrollment Trends: 1990-2002

*Preliminary
Fall 2002
193,769*



Student Transitions and the Educational Pipeline



Student Progression - National Studies

- Several recent studies have highlighted the difficulties that high school seniors have with respect to transitioning through the educational pipeline.
- One of the central missions of Tennessee's P-16 Council is to address issues of student transition.



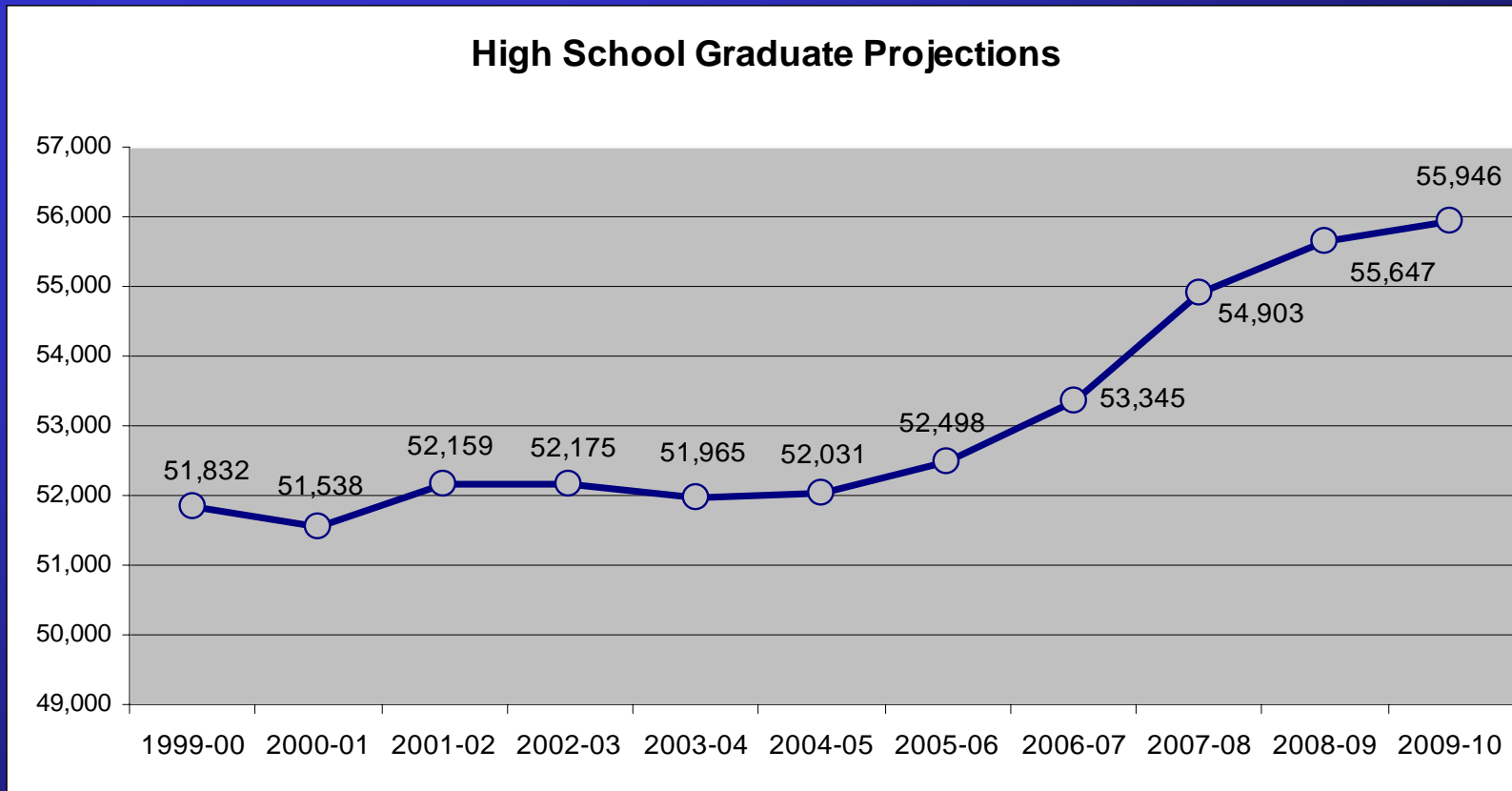
Enrollment of Recent High School Graduates: 1999-00

	Average Estimated Percent of Recent High School Graduates in College
United States	59
SREB states	55
Alabama	59
Arkansas	53
Delaware	63
Florida	50
Georgia	57
Kentucky	54
Louisiana	58
Maryland	57
Mississippi	63
North Carolina	59
Oklahoma	49
South Carolina	60
Tennessee	56
Texas	52
Virginia	55
West Virginia	52

- If Tennessee were to increase participation rates to the national average, we would expect to see an increase of 1,320 first time freshman entering higher education.
- Placing this number into a useable context, this is equivalent to the entire entering in-state freshmen class at East Tennessee State University.



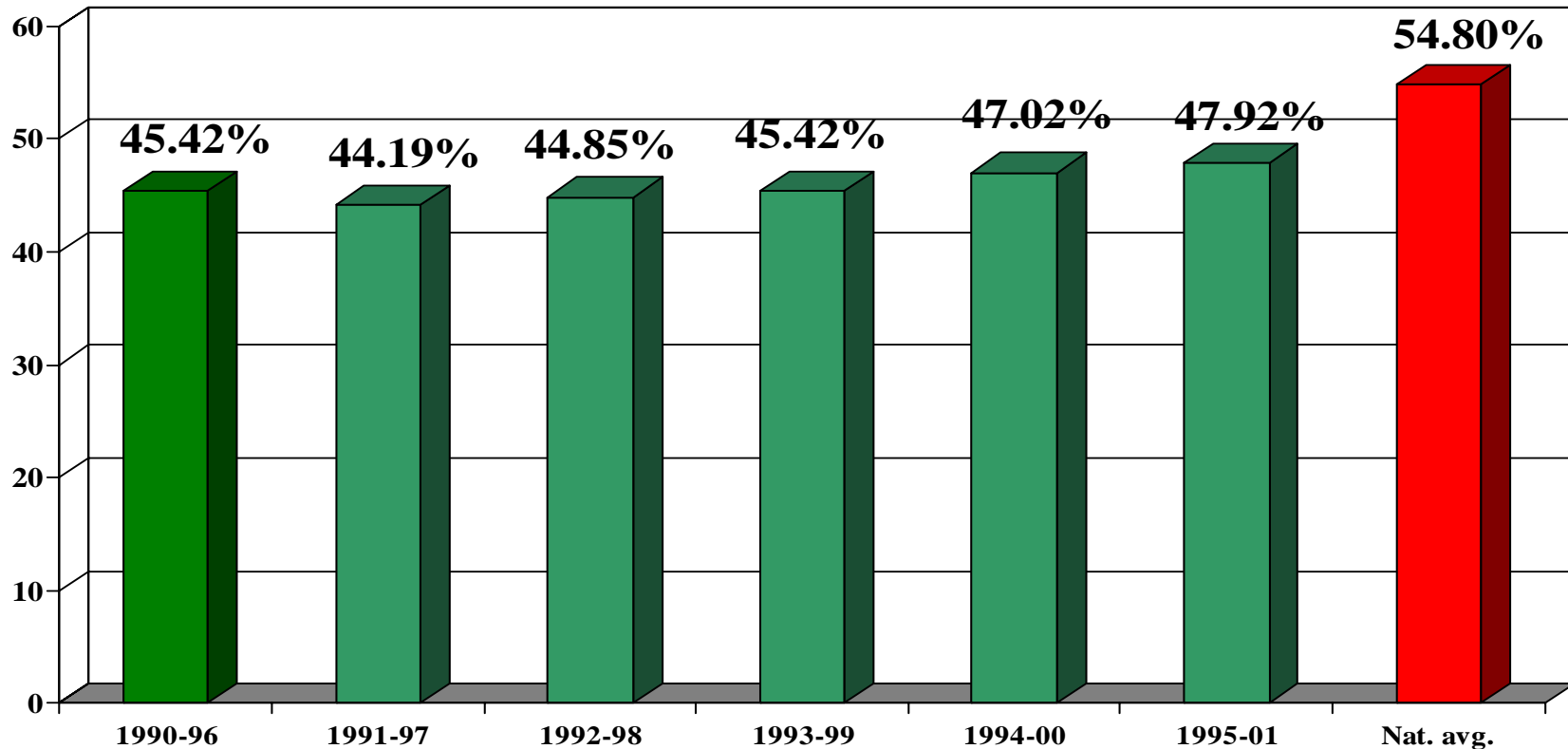
High School Graduate Projections: 2000 - 2010



- According to SREB, the number of graduates produced by public and private high schools in Tennessee will increase by 4,114 students from 2000 to 2010. Assuming that factors remain constant, this will yield @ 2,300 additional first-time freshman, which is comparable to the combined freshman classes at East Tennessee State University and Tennessee Technological University.

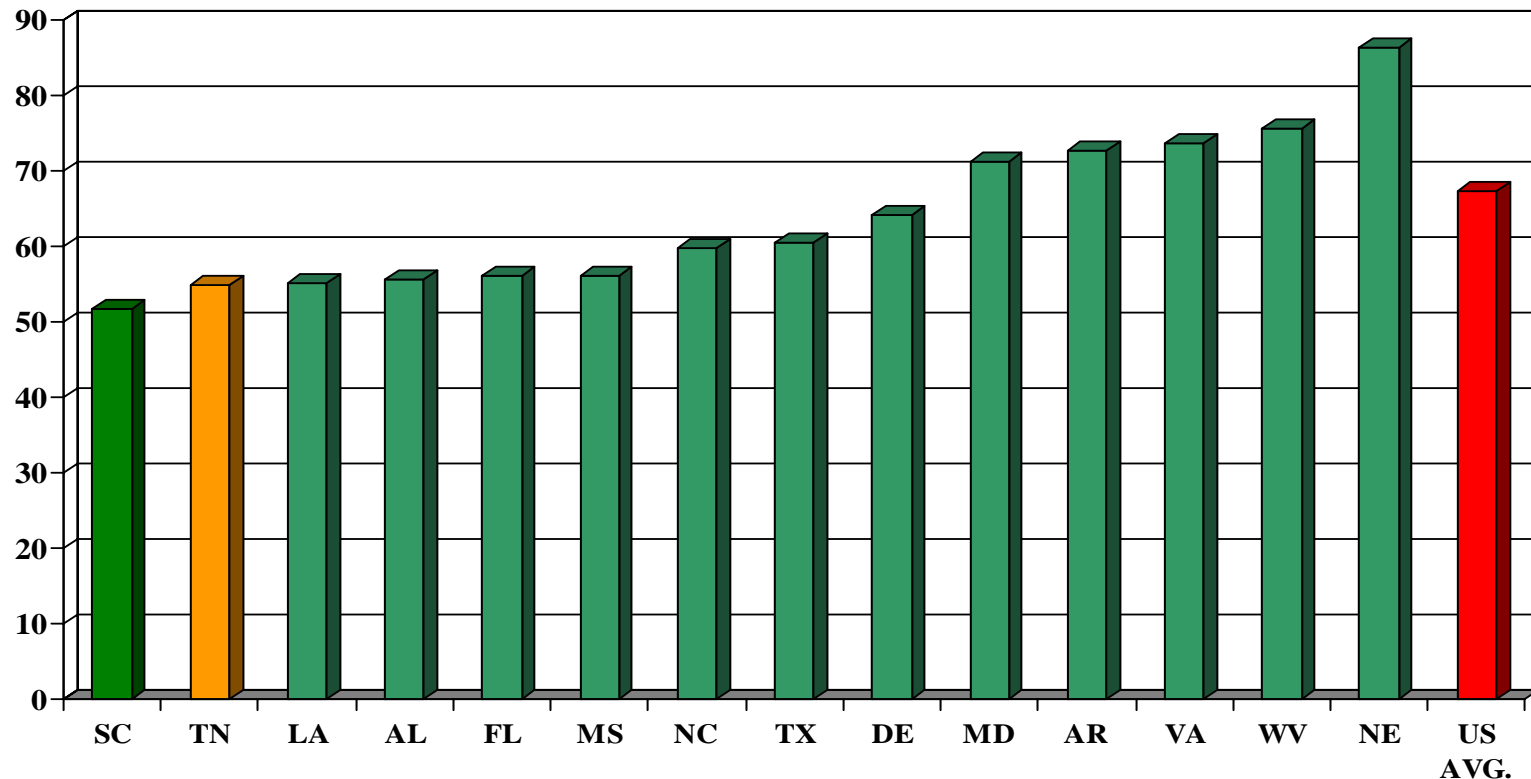


Graduation Rates - Universities



Of the 13,475 students who entered the university sector in Fall 2001, how many will graduate by 2007? Assuming that factors remain constant, only 47.9%, or 6,454 students, will receive their college degree. What would higher education look like if college graduation rates improved to the national average of 54.8%? An increase of this magnitude would yield approximately 930 additional college graduates from the class of 2001.

Public High School Progression Rates

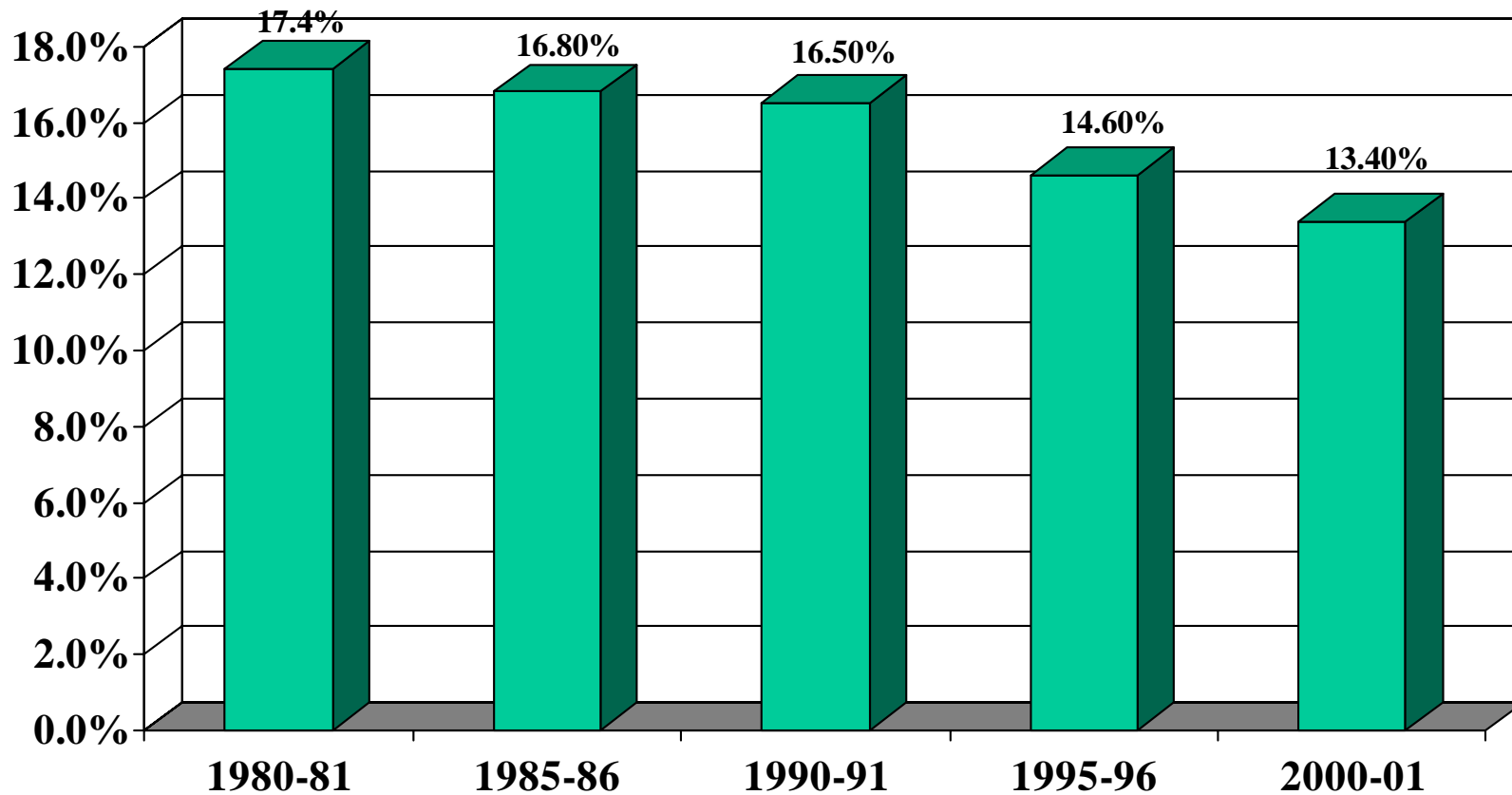


In 1998-99, 61,738 (55,065 ADM) students enrolled in the 11th grade in Tennessee. By 1999-00, the cohort's senior year, the number of students had declined to 57,531 (50,065 ADM). Of these students, 44,681 received academic degrees. Of these graduates, 25,112 enrolled in college in Fall 2000. Based upon the state's average graduation rate, @ 13,000 will receive a bachelor's degree. Thus, @ 45,000 students never make it out of the "complete" education pipeline.

Financial Trends – A Decade of Uncertainty



Percent of State Appropriations Allocated to Higher Education

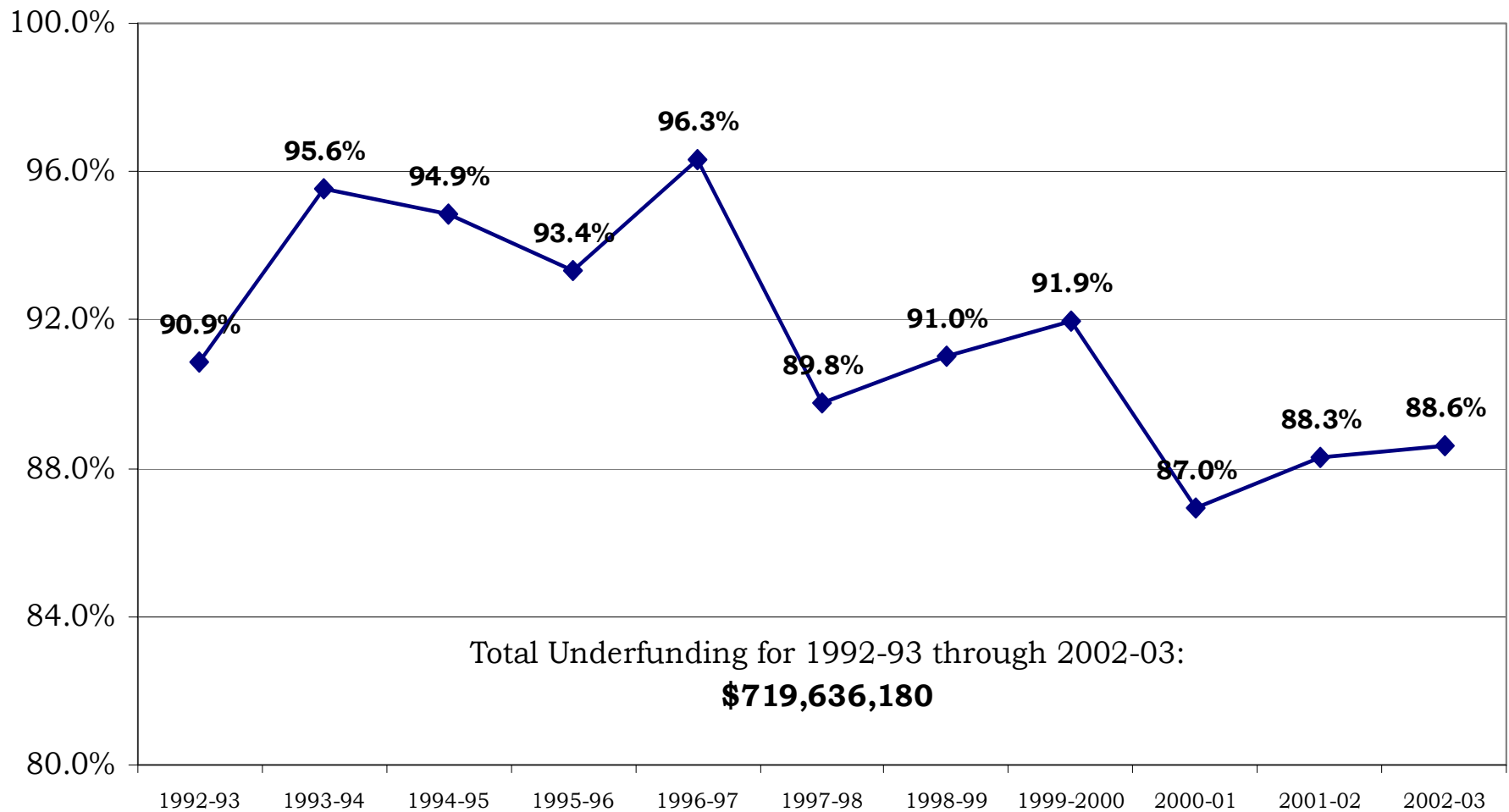


Source: Southern Regional Education Board



Funding Formula Recommendations

Percent of THEC Formula Funded by State Appropriations



Appropriations Trends

**Trends in State and Local Operating Appropriations Per FTE
at Public Colleges and Universities (adjusted for inflation)**

	Four-Year Colleges and Universities			
	1994-95	1999-2000	Change	Percent
SREB states	\$5,997	\$6,037	\$40	0.7
Alabama	5,777	4,871	-906	-15.7
Arkansas	5,451	5,618	167	3.1
Delaware	--	5,503	--	--
Florida	7,869	7,520	-349	-4.4
Georgia	6,427	7,562	1,135	17.7
Kentucky	5,083	5,025	-58	-1.1
Louisiana	3,908	3,803	-105	-2.7
Maryland	7,217	7,054	-163	-2.3
Mississippi	5,652	6,321	669	11.8
North Carolina	7,836	7,862	26	0.3
Oklahoma	4,753	5,204	451	9.5
South Carolina	5,498	5,367	-131	-2.4
Tennessee	6,633	5,330	-1,303	-19.6
Texas	6,261	6,133	-128	-2.0
Virginia	4,707	5,766	1,059	22.5
West Virginia	4,188	3,954	-234	-5.6

Source: SREB

Total Support per FTE – TN vs. Peers

Student Support Analysis Compared to Peers

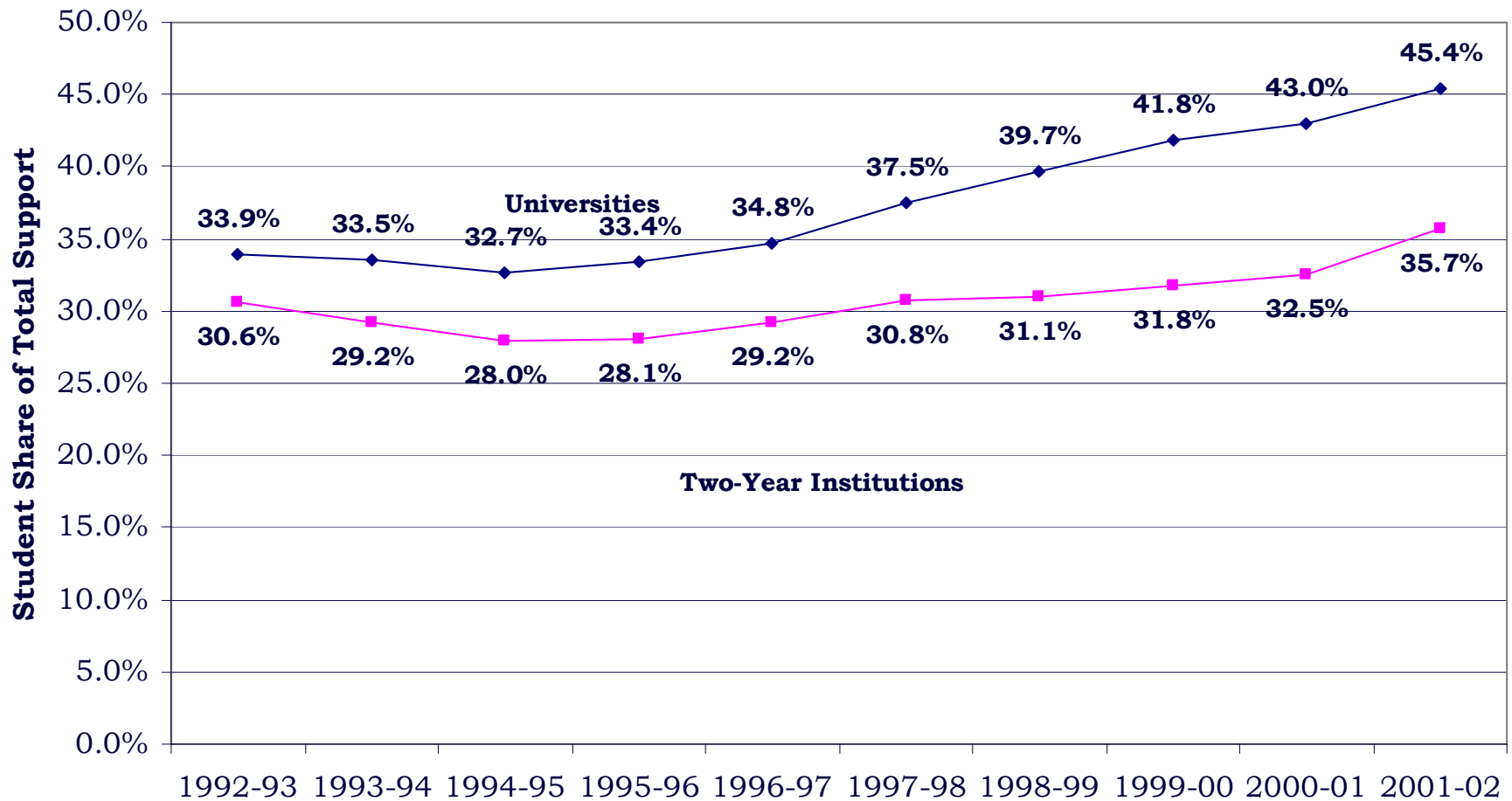
2000-01	Avg. Support per FTE	Avg. Support per FTE - Peers	Percent of Peer Avg.	Total Difference from Peers
APSU	8,008	9,050	88.5%	6,245,700
ETSU	8,614	9,079	94.9%	4,511,400
MTSU	7,759	9,376	82.8%	28,017,800
TSU	9,044	9,298	97.3%	2,048,300
TTU	8,871	9,036	98.2%	1,233,200
UM	10,121	11,184	90.5%	18,047,600
UTC	8,530	8,904	95.8%	2,804,300
UTK	11,826	12,966	91.2%	27,448,900
UTM	8,246	8,728	94.5%	2,650,500
Two Yrs.	5,665	5,882	96.3%	13,486,000
			Totals	106,493,700

Source: Southern Regional Education Board

Tuition and Fees - A Shifting Funding Responsibility



Student Share of Total Per Student Support



- From 1992 to 2001, the proportion of total operating expenses accounted for by student fees has increased from 33.9% to 45.4% for the university sector.

The Increasing Dependency on Tuition

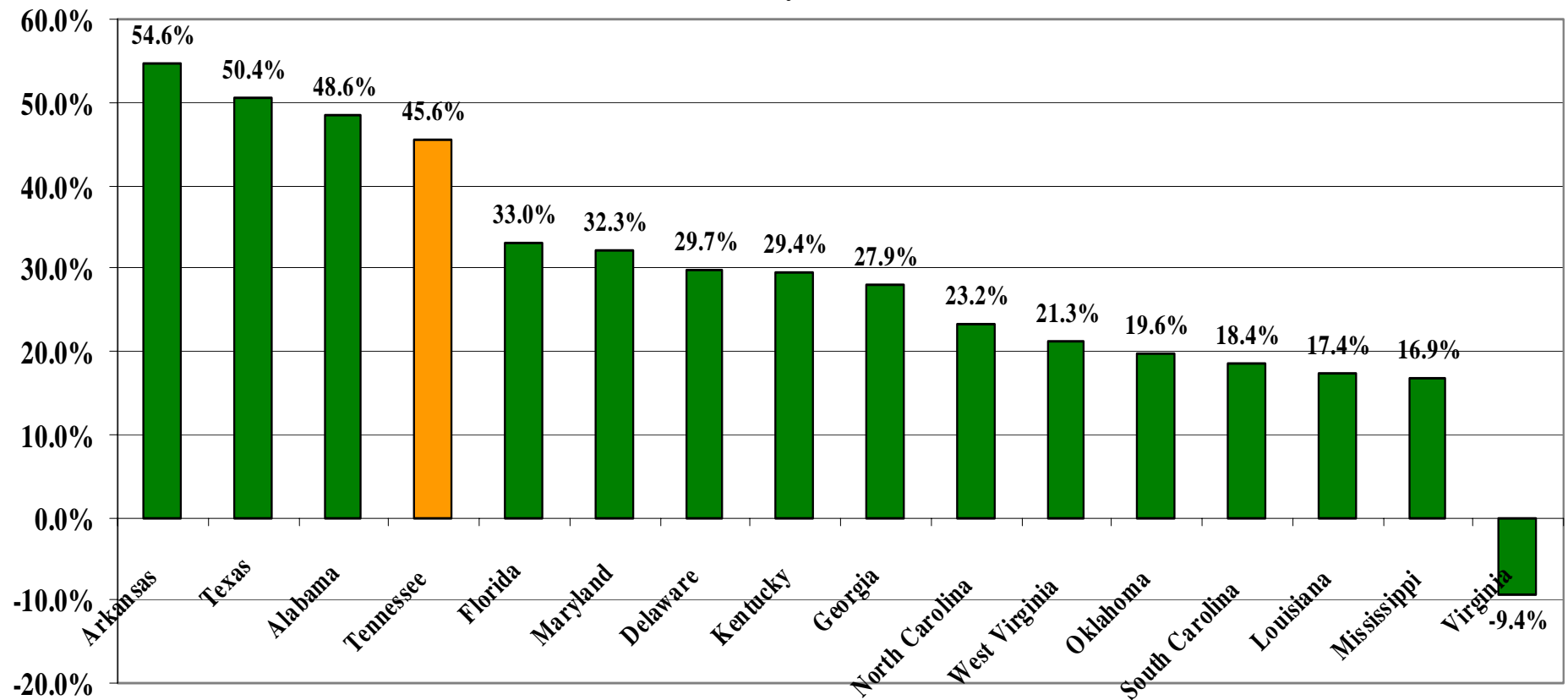
2000-01	Percent from Tuit./Fees	Peer Percent from Tuit./Fees
APSU	39.6%	32.8%
ETSU	39.9%	31.9%
MTSU	42.7%	30.9%
TSU	51.9%	31.7%
TTU	34.1%	32.7%
UM	40.7%	35.6%
UTC	38.5%	31.4%
UTK	43.0%	34.5%
UTM	40.5%	32.9%
Two Yrs.	32.2%	21.6%

- For 2000-01, a greater proportion of total operating expenses were accounted for by student fees in Tennessee than among peer institutions.



Impacts on Affordability

Percent Change from 95-96 to 00-01 in Median Tuition at
All Public 4-year Schools



Source: Southern Regional Education Board

Tuition Increases - A Regional Overview

Cost of Attendance Comparisons 2000-01

State	Median Household Income	Tuition and Fees - 4 Year	Tuition and Fees - 2 year	Total Cost of Attendance - 4year
Alabama	\$33,204	9.2%	5.1%	23.3%
Arkansas	\$29,212	13.1%	3.5%	28.1%
Georgia	\$37,826	8.5%	3.9%	21.5%
Kentucky	\$33,955	9.7%	3.5%	22.7%
Mississippi	\$28,925	10.8%	3.6%	25.1%
North Carolina	\$35,982	7.7%	2.5%	21.8%
South Carolina	\$33,465	11.1%	3.9%	26.1%
Tennessee	\$34,188	10.7%	4.2%	24.2%
Virginia	\$42,622	9.2%	2.7%	22.6%

Cost of Attendance - The Difference Between TN Counties

County	Median Household Income	Total Cost of Attend.
Williamson	\$66,335	12.5%
Wilson	\$46,849	17.7%
Rutherford	\$44,803	18.5%
Hancock	\$20,555	40.3%
Lake	\$21,513	38.5%
Fentress	\$21,798	38.0%



Funding for Financial Aid in Tennessee

2000-01 Aid Dollars per Various Demographics

	Amount
TN per Resident	\$5.34
National per Resident	\$12.91
TN per Resident (18-24 yrs old)	\$56
National per Resident (18-24)	\$135
TN per Undergraduate FTE	\$164
National per Undergraduate FTE	\$367

Source: NASGAP, 2000-01 Annual Survey Report

TN students receive only **2.3%** of their financial aid via state assistance, well below the regional average of **4.3%**. Adjusting for the HOPE program in GA, TN is well off the adjusted regional average of **3.7%**.

Increasing Student Debt

- In 1999-00, 64% of graduating students carried student loans, compared to 42% in 1992-93.
- The average debt burden increased from \$9,188 in 1992-93 to \$16,928 in 2000.
- Of those students who graduated in 2000 with loans, 39% had unmanageable debt.
 - *Unmanageable debt: Loan payments exceed 8% of monthly income*
- 84% of African American students graduate with debt, and 55% of unmanageable debt.

Source: National Center for Higher Education and Public Policy



Economic and Demographic Comparisons



Benefits of Investments in Higher Education

Institute for Higher Education Policy (1998)

- Private social benefits

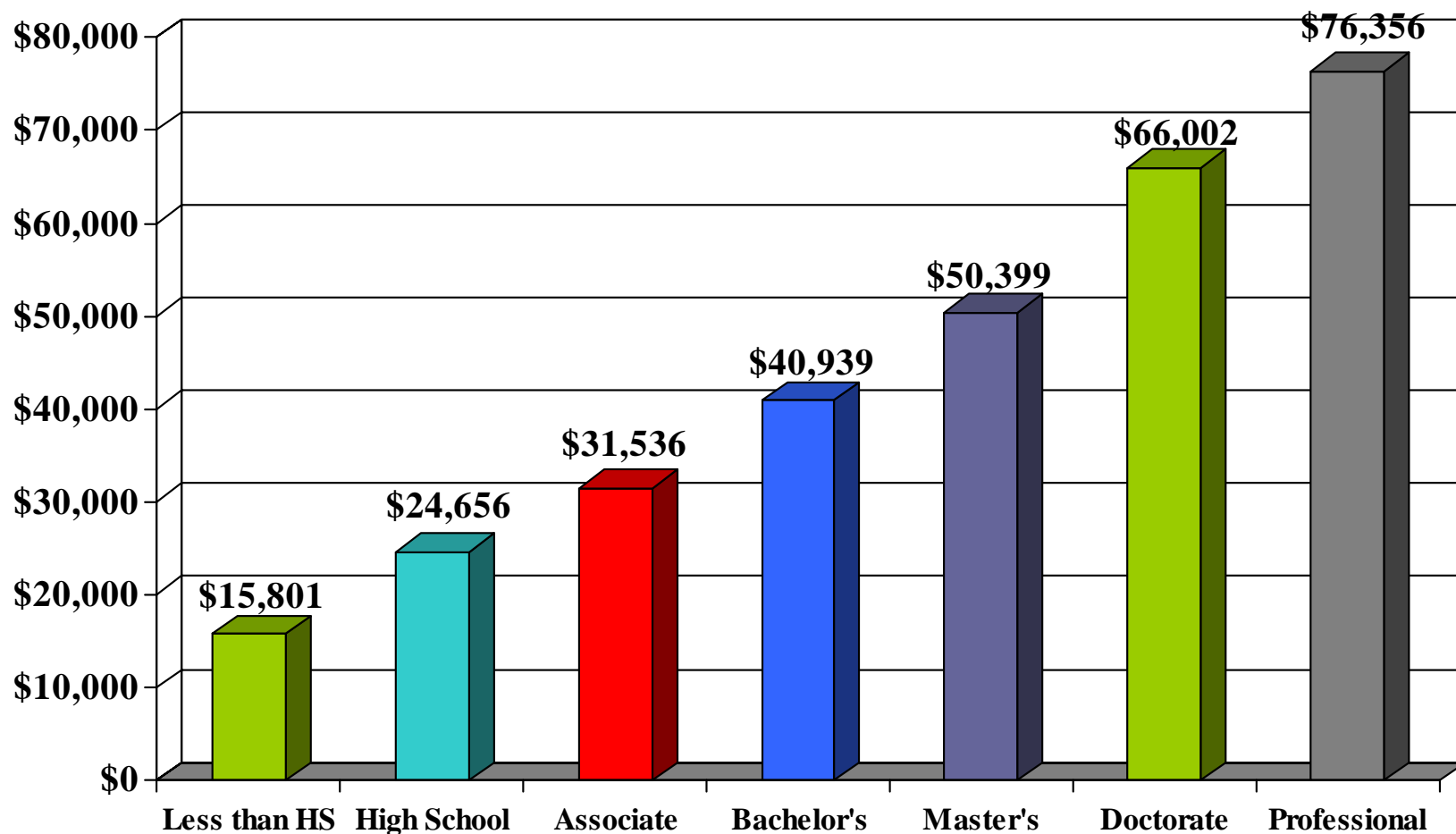
- Public social benefits

- Private economic benefits

- Public social benefits

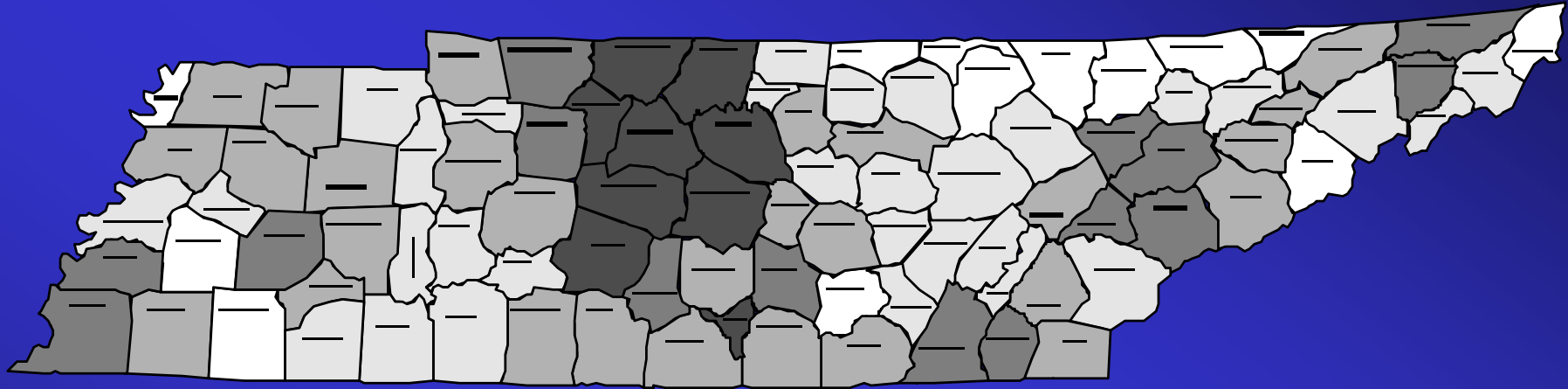
This framework ensures a review of all benefits while recognizing that some benefits are not easily placed into one category, but rather contribute to multiple categories leading to the interdependency of public and private benefits and social and economic benefits.

Financial Benefits of Investments in Education



Source: U.S. Census Bureau, Current Population Survey, March 2002

Median Household Income - 2000



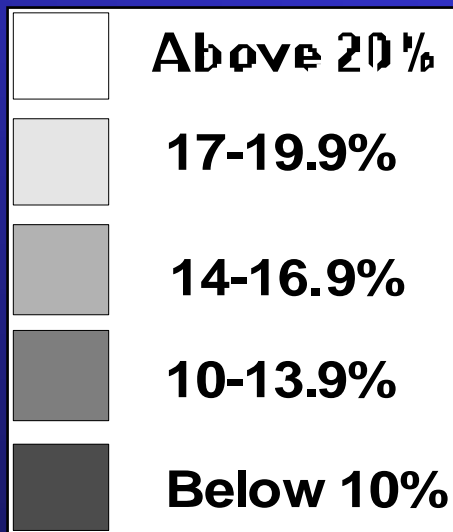
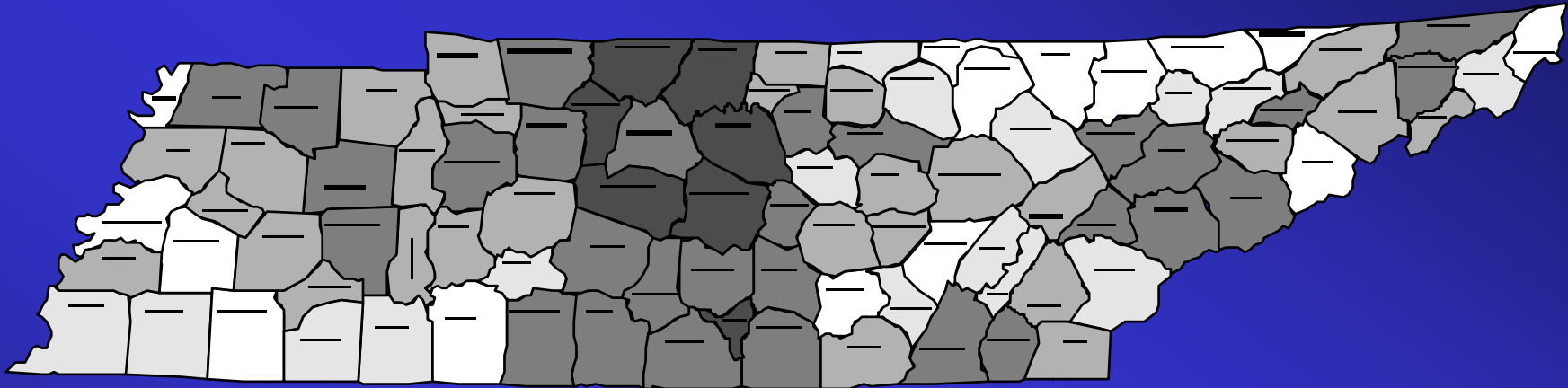
Median Household Income for
State of Tennessee, 2000

\$34,188

U.S. Average: \$42,148



Percent of Population in Poverty - 2000



Examples of Poverty Thresholds in 2000

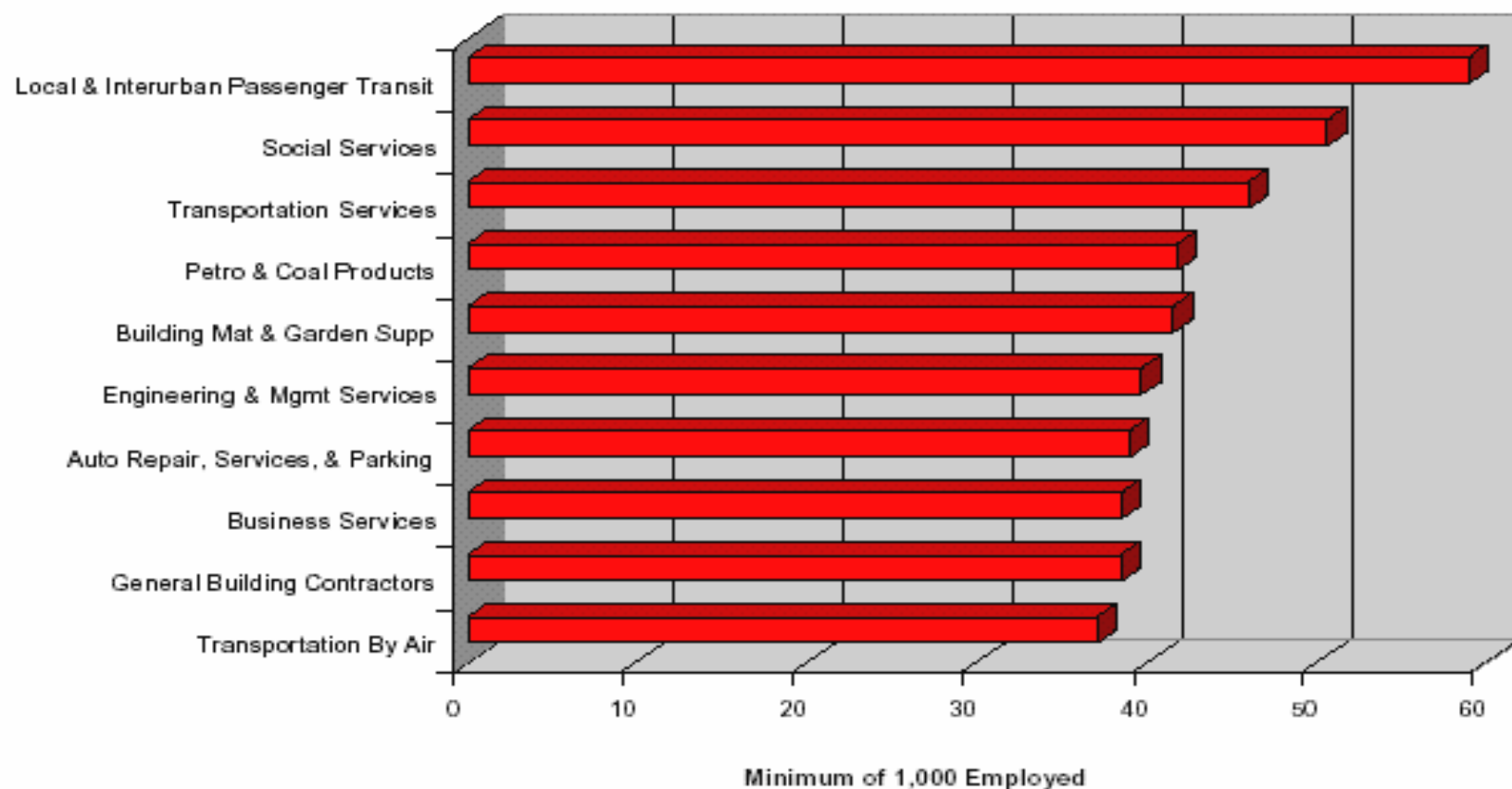
Family of four (2 children under 18) -
\$17,463

Family of five (3 children under 18) -
\$20,550



Labor Patterns in Tennessee

High Growth Industries in Tennessee by Percentage Change
1998 - 2008



Economic Comparisons: Projected Job Growth

- Tennessee:**
1. Local and Interurban Passenger Transit
 2. Social Services
 3. Transportation Services

21.5% require college degree or management experience

- Georgia**
1. Computer Engineers
 2. Systems Analysts
 3. Sales Agents, Business

21.8% require bachelors or higher degree



The Progressive Policy Institute - New Economies Index

STATES BY RANK					
Rank 2002	Score 2002	State	Rank 1999	Score 1999	Rank Change
1	90	Massachusetts	1	82.3	0
2	86.2	Washington	4	69	2
3	85.5	California	2	74.3	-1
4	84.3	Colorado	3	72.3	-1
5	75.6	Maryland	11	59.2	6
8	72.1	Virginia	12	58.8	4
9	70.5	Delaware	9	59.9	0
14	67.6	Texas	17	52.3	3
18	62.7	Florida	20	50.8	2
22	60.1	Georgia	25	46.6	3
26	57.5	NC	30	45.2	4
34	54.1	Oklahoma	40	38.6	6
39	52.2	Tennessee	31	45.1	-8
41	51.1	SC	38	39.7	-3
42	48.6	Kentucky	39	39.4	-3
45	45.9	Louisiana	47	28.2	2
47	45.3	Alabama	44	32.3	-3
48	41.7	Arkansas	49	26.2	1
49	40.9	Mississippi	50	22.6	1
50	40.7	West Virginia	48	26.8	-2

- TN rank declines by 8 in three years
- Historically, the economies of states such as TN depend on natural resources, or on mass production manufacturing, and rely on low production costs rather than innovative capacity, to gain a competitive advantage.
- Innovative capacity (derived through universities, R&D investments, scientists and engineers, and entrepreneurial drive) is increasingly what drives competitive success in the New Economy.



The Condition of Education in Tennessee

- The increased demand for education will place great stress on higher education in the 2000's.
- Limited fiscal resources have placed restrictions on higher education, thereby creating potential access barriers for many segments of the state's population.
- Educational attainment levels in Tennessee trail regional averages and impede economic flexibility.
- The state's educational and economic fortunes are increasingly intertwined in the information age.



